

ASSEMBLY BILL

No. 2435

Introduced by Assembly Member Roger Hernández

February 24, 2012

An act to amend Section 12000 of, and to add Section 33038 to, the Education Code, relating to education finance.

LEGISLATIVE COUNSEL'S DIGEST

AB 2435, as introduced, Roger Hernández. Education finance: indirect cost rates.

Existing law requires the State Board of Education to direct the allocation and apportionment of federal funds to school districts, as defined, and other agencies entitled to receive those funds.

This bill would require the state board, and any other state agency that administers a grant or allocation of federal funds to a school district, as defined, to allow an indirect cost rate, as defined, that is not less than the indirect cost rate established by the state board for each school district, unless a lower indirect cost rate is required by federal law. The bill would impose similar requirements on the state board with respect to grants or allocations of state funds.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 12000 of the Education Code is amended
- 2 to read:
- 3 12000. (a) If, by any act of Congress, funds are provided as
- 4 federal aid to education to the several states and the disposition of

1 the funds is not otherwise provided for by or under the act of
2 Congress or by or under any law of this state, the apportionment
3 and distribution of those funds to school districts shall, insofar as
4 consistent with the requirements prescribed by the federal law and
5 implementing rules and regulations, be governed by the standards
6 set forth in this article.

7 (b) If a federal law designates a state educational agency or
8 other agency or officer primarily responsible for state supervision
9 of public schools, that designation shall be deemed to refer to the
10 ~~State Board of Education~~ *state board*. ~~The State Board of Education~~
11 *state board* shall make timely application for any federal funds
12 made available, and shall, pursuant to the federal law and this
13 article, direct the allocation and apportionment of the federal funds
14 to school districts.

15 (c) *Notwithstanding any other law, the state board, and any*
16 *other state agency that administers a grant or allocation of federal*
17 *funds to a school district, shall allow an indirect cost rate, as that*
18 *term is defined in Section 33038, that is not less than the indirect*
19 *cost rate established by the state board for each school district,*
20 *unless a lower indirect cost rate is required by federal law.*

21 (e)

22 (d) For purposes of this section and Section 12001, “school
23 districts” include school districts, county offices of education, and
24 other educational agencies or entities deemed eligible pursuant to
25 state and federal law.

26 SEC. 2. Section 33038 is added to the Education Code, to read:

27 33038. (a) Notwithstanding any other law, the state board, or
28 any other state agency that administers a grant or allocation of
29 state funds to a school district, shall allow an indirect cost rate that
30 is not less than the indirect cost rate established by the state board
31 for each school district, unless a lower indirect rate is required by
32 law.

33 (b) As used in this section:

34 (1) “Direct cost” means a cost that provides measurable, direct
35 benefits to a particular program of an agency. Direct costs of a
36 local educational agency include, but are not necessarily limited
37 to, salaries and benefits of teachers and instructional aides, costs
38 for purchasing textbooks and instructional supplies, and costs for
39 providing pupils with counseling, health services, and
40 transportation.

- 1 (2) “Indirect cost” means the agency-wide, general management
2 cost of the activities for the direction and control of the agency as
3 a whole. Indirect costs include, but are not necessarily limited to,
4 administrative activities necessary for the general operation of the
5 agency, such as accounting, budgeting, payroll preparation,
6 personnel services, purchasing, and centralized data processing.
7 (3) “Indirect cost rate” means the ratio of an agency’s indirect
8 costs to its direct costs.

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